

Message Text

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PAGE 01 LONDON 15282 031953Z

60

ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 HEW-02 CIAE-00 DODE-00 PM-04

H-02 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 STR-04 AID-05 COME-00 EB-07 FRB-03

TRSE-00 XMB-02 OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01

SAJ-01 /094 W

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 5308

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMCONSUL BELFAST

AMCONSUL EDINBURGH

AMCONSUL LIVERPOOL

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E.O. 11652: N/A

TAGS: ELAB, PINT, UK

SUBJ: THE WRATH OF JONES AND FOOT

REF: LONDON 15192

SUMMARY: WHEN THAT INTREPID BATTLER OF THE LEFT-WING,
IAN MIKARDO, CHARGED DURING A "TRIBUNE" MEETING THIS WEEK

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PAGE 02 LONDON 15282 031953Z

(REFTEL) THAT THE "NEW MODERATES", JACK JONES AND MICHAEL

FOOT, HAD BETRAYED THE WORKERS AND THE LEFT, THEIR ANGUISHED CRIES OF PAIN AND ANGER COULD BE HEARD AS FAR AWAY AS LANDS END. SOME PUNDITS ARE SUGGESTING THAT THIS SIMPLY IS THE SAME OLD SPLIT BETWEEN "SOCIALISM NOW" AND "SOCIALISM LATER" WHICH HAS DEVIDED THE LABOR PARTY SINCE ITS INCEPTION. WHILE THIS MAY VERY WELL BE TRUE, THEIR SENSE OF OUTRAGE ALSO REFLECTS THE FACT THAT THEY HAVE STAKED THEIR FORMIDABLE REPUTATIONS ON AN ANTI-INFLATION POLICY WHICH WILL BE IN EFFECT FOR SOME TIME TO COME WHILE UNEMPLOYMENT CONTINUES TO INCREASE. THINGS ARE BOUND TO GET WORSE BEFORE THEY GET BETTER, AND THERE ARE EVEN SOME AMONG THE MOST MODERATE UNION LEADERS WHO BELIEVE IT WILL TAKE A MINOR MIRACLE FOR THE POLICY TO SUCCEED. END SUMMARY.

1. THE UNEMPLOYMENT LEVEL IS NOW AT THE 1.2 MILLION MARK (SEPT 8 COUNT). THE TREASURY REPORTEDLY EXPECTED THIS TO PEAK AT ABOUT 1.4 MILLION (SEASONALLY ADJUSTED) BY THE SPRING, BUT THERE ARE SOME TRADE UNION LEADERS WHO ARE PRONE TO ACCEPT THE MUCH HIGHER ESTIMATE OF 1.8 MILLION FROM THEIR COLLEAGUE, CLIVE JENKINS, WHO HEADS THE UNION OF SCIENTIFIC AND TECHNICAL WORKERS (ASTMS). TRADE UNION LEADERS WITH WHOM WE SPOKE DURING THE LABOR PARTY CONFERENCE ARE CLEARLY WORRIED THAT THINGS WILL TRULY GET WORSE BEFORE THEY GET BETTER. TOM BRADLEY, WHO IS BOTH A PRESIDENT OF ONE OF THE SMALLER RAILROAD UNIONS AND A MEMBER OF PARLIAMENT AS WELL AS THE NEWLY-ELECTED CHAIRMAN OF THE LABOR PARTY AND A STAUNCH MODERATE, IS VERY WORRIED ABOUT THE GROWING UNEMPLOYMENT'S IMPACT ON GOVERNMENT POLICY. HE THINKS IT MAY TAKE A "MIRACLE" FOR THE GOVERNMENT TO WARD OFF PRESSURES FOR REFLATIONARY MOVES FROM THE TRADE UNIONS WHEN THE GOING GETS ROUGH.

2. ANOTHER TRADE UNION LEADER, BILL JOHN, WHO IS A LEADER OF THE ENGINEERING UNION (AUEW) DESCRIBED TO US WORKERS' PLIGHT FLOWING FROM CLOSURES IN HIS JURISDICTION OF SOUTH WALES: "WE HAVE," HE SAID "FOUR FACTORIES WHICH HAVE JUST CLOSED AND I HAVE PLEADED WITH THE GOVERNMENT -- WITHOUT SUCCESS -- TO DO SOMETHING ABOUT IT." JOHN'S UNION, THE AUEW, IS AN AVOWED OPPONENT OF GOVERNMENT'S LIMITED OFFICIAL USE

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PAGE 03 LONDON 15282 031953Z

ANTI-INFLATION POLICY, ALTHOUGH HE IS PERSONALLY A MODERATE. RAY BUCKTON, ANOTHER RAILROAD UNION LEADER (ASLEF) WHO HAS ALSO BEEN AN OPPONENT OF THE POLICY, BELIEVES THAT IF UNEMPLOYMENT CONTINUES TO RISE, THE 6 POUND FLAT RATE AT THE HEARD OF THE POLICY WILL BE FLOUTED BY UNIONS (ALTHOUGH RISING UNEMPLOYMENT MAY VERY WELL HAVE A DAMPENING ON ANY WAGE DEMANDS IN EXCESS OF LIMIT).

3. UNDERLYING THESE CONCERNS AND EMPHASIZING THEM ARE THE SCORES OF ARTICLES APPEARING DAILY IN THE NATION'S PRESS DESCRIBING FACTORY CLOSURES, WORKERS MADE REDUNDANT OR LAID OFF, CUTS IN GOVERNMENT SPENDING IN RAILROADS, POSTAL SERVICES, LOCAL AUTHORITY PROGRAMS AND OTHER AREAS. ONE HEADLINE READS : "MACHINE TOOL INDUSTRY HIT BY FIRST REDUNDANCIES" (FINANCIAL TIMES, OCTOBER 2); ANOTHER READS "PUBLIC SECTOR CUTS START TO BITE" (DAILY TELEGRAPH OCTOBER 3); STILL ANOTHER: "CASTLE SCALPELS HOSPITAL STAFF" (GUARDIAN, SEPT 30). QUITE NATURALLY, THESE CONTINUOUSLY RECURRING GLOOMY NOTICES TO NOT CONTRIBUTE TO OPTIMISM.

4. THIS BRINGS US BACK TO JONES AND FOOT. JONES IS ONE OF THE ARCHITECTS OF THE ANTI-INFLATION POLICY WHO PERSUASIVELY AND ELOQUENTLY ARGUED ITS MERITS BEFORE THE TUC CONFERENCE IN BLACKPOOL LAST MONTH -- A ROLE WHICH, AS ELOQUENTLY AND PERSUASIVELY, FOOT PERFORMED FOR THE LABOR PARTY THIS WEEK IN BLACKPOOL. THEY HAVE PUT THEIR OWN STAMP ON THE GOVERNMENT'S ANTI-INFLATION POLICY. THEY HAVE ACCEPTED -- AND PERSUADED THEIR FELLOWS -- THE MAJORITY, THAT IS, -- TO ACCEPT THE VERY LIMITED UNEMPLOYMENT MEASURES WHICH WERE PUT FORWARD RECENTLY BY CHANCELLOR OF THE EXCHEQUER DENIS HEALEY. THEY HAVE TAKEN RESPONSIBILITY SERIOUSLY. THEY STILL CONSIDER THEMSELVES MILITANT SOCIALISTS, BUT AT THE SAME TIME THEY ARE GAMBLING -- AS IS THE GOVERNMENT ITSELF -- ON A POLICY WHICH REQUIRES A CERTAIN AMOUNT OF STEEL NERVES AS PRESSURES FROM THE RANK AND FILE ON THE TRADE UNION LEADERSHIP FOR "REAL" REFLATIONARY MEASURES TO STOP UNEMPLOYMENT BEGIN TO TAKE EFFECT. IT IS NOT SURPRISING THAT MIKARDO -- THE GOAD AND CRITIC OUTSIDE OF GOVERNMENT -- HIT A RAW NERVE IN THESE TWO PARTNERS.

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PAGE 04 LONDON 15282 031953Z

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